

# **McDowell Road Corridor/South Scottsdale Economic Development Summit**

**April 18, 2009**

**Granite Reef Senior Center, 1700 North Granite Reef  
Road**

## **Summary**

### **I. Welcome by Mayor W.J. “Jim” Lane--TEXT OF REMARKS**

Good morning everyone. I am Jim Lane, the Mayor of Scottsdale, and it is my honor to welcome you here today, and to thank you for taking the time to be here. I’m looking forward to discussing the future of south Scottsdale today.

When I think about the southern part of our city I think about some of the great neighborhoods, the businesses and industry we have here. These are our roots from which we grew as a community. For many years it was the commercial epicenter of Scottsdale. It was the backbone of our business economy. It provided the foundation of the city we are so proud of today. It’s also the home of some of our oldest “live, work & play neighborhoods.

While this community faces a variety of challenges, some of which have accelerated in recent years, the area is primed to regenerate and reinvent itself. I am bullish on this community. The area has far too much going for it, for its value not to be seen and for it to lag in any way.

The three commonly prescribed “tongue in cheek” essentials for a successful retail business are Location, Location, Location. They are in fact very true, and I believe that they affect every sort of business decision-making. Certainly it’s what is inherent in “location” that really matters.

So Let’s look at that. It’s Scottsdale and it’s convenient. Its 2 miles from Downtown Scottsdale. It’s 3 Miles from ASU’s main campus in Tempe. It’s 6 miles from Sky Harbor. It’s 10 miles from Downtown Phoenix.

In terms of natural amenities, Papago Park with the natural desert open space, the Vistas of the Papago Peaks, the Zoo, the Botanical Gardens and Golf being so close you could walk ride a bike to it.

And our wonderful greenbelt and the series parks within it, which provides limitless recreation opportunities and runs north and south right through the middle of this area. I am hard pressed to think of such an attractive and affordable place with such a favorable location anywhere in the Valley.

This is where I settled when I first moved to Scottsdale some 36 years ago. It was and still is a great place to raise a family as my wife Joanne and I did for 14 years. My son Bill and my daughter Nancy have made there homes here.

Those of us who know it well, know it to be a great place to live, work and thrive

Despite its history as an economic engine of Scottsdale, its desirability, and its great location, economic development here is lagging. The face of Motor Mile, a staple of Scottsdale for generations, is changing, as are other parts of this area. Current economic trend lines are not good when compared to other parts of the city.

But that's why we are here today, to talk about what we would like to see happen here, and how to make that happen.

There are many visions for the area, but clearly everyone agrees that we must ensure that south Scottsdale remains an attractive place to live, with good neighborhoods and a strong commercial presence.

Without a strong business sector, we won't have vibrant neighborhoods. And without vibrant neighborhoods, we won't have strong businesses. The two go hand in hand and are inseparable in a developed neighborhood. Talking about which leads and which follows is sort of like talking about the "chicken and the egg". It doesn't matter so much which comes first, what matters is that neither will exist without the other.

As to the future of this area, some will say let's just turn the whole thing over to the Phoenix downtown initiated Discovery Triangle, that calls for lengthy studies and is intended to involve Tempe and Phoenix as well as Scottsdale, and simply call it a day. We need a Scottsdale solution, which is unlikely to be achieved if Scottsdale is a small afterthought or along only to lend its good name.

Others say we need wholesale condemnations and taxpayer subsidies to influence economic investment. I say this is the governmental equivalent of robbing Peter to pay Paul, and the days of this as an economic policy are over. The role of government is **not** to **attempt** to “create” economic success... **it can’t**. That is the job of our citizens and businesses.

The job of government is to create the conditions that allow our citizens and businesses to be successful—“Build Wealth” to live, work and thrive. The only way for government to do this is to embrace the free market, keeping taxes low, fair and equitable, and minimizing regulation without sacrificing Scottsdale’s high standards or uniqueness.

So I will close with a promise and a challenge. As Mayor of Scottsdale, I promise to create and preserve the conditions that are necessary to achieve success in this area, as well as the rest of the city. My challenge to you is to get down to business, to work hard and push for answers, focus and direction.

In some respects it’s a transitional time, and reinventing this area so that it continues as an economic hub full of great neighborhoods may require changes in land uses and attitudes, brought about by changes in the law and market changes. But though periods of transition often engender anxiety they also engender opportunity. With land and construction costs way down, we may have opportunities here that will not soon come around again.

Those are the things we are here to discuss today, in this community that so many of us here today care so deeply.

I would like to thank Salt River Project for their sponsorship of our lunch today, and also our panelists for taking the time to be with us here today to share their wisdom and professional opinions.

Alright, I can’t wait to hear what our panelists say, so after Tim gives us a few housekeeping matters (bathrooms, location of breakouts, lunch, written questions accepted), we’ll get to those breakout sessions, and see everyone back here at 11.

## **II. Break-out Sessions**

### **A. The Future of Motor Mile**

#### **1. Panelists**

- a. Moderator/Panel Chair: Donald Henninger, Phoenix Business Journal
- b. John Lund, Lund Cadillac, Hummer and Saab

- c. Byron Schlomach, Goldwater Institute
- d. David L. Shelburg Sr., Autokam Automotive Group, Inc.

## 2. **Summary**

- Industry in “flux”
- USA industry changing
- Internet may cause number of dealers to decline
  - Things that contribute to change
    - Craig’s list
    - Car brokering
- Location, Location, Location!
  - Community character
  - Neighborhood aesthetics
  - Redevelopment – Necessary!
    - Can’t count on planning “on high”
    - Hold current property owners accountable for care
    - Consider alternative uses

### Motor Mile

- Develop international relationships
- We should work with others

### Industry Future?

- Electric cars
- Hybrids
- Batteries

- Get OFF fossil fuels
  - Where/when do we get electricity?
  - When do we start? Now!

### Green Industry

- Cusp of maturing technologies
- 2 Sides
  - Supply
  - Demand
- Energy source limits

### Questions:

It seems the United States is slow to address green initiatives within the auto industry. Why?

- Better technology needed
- This is a global concern

Future on Motor Mile for auto dealerships?

Share with bordering entities?

How do we respond to the industry changes?

Is there a marketing plan?

- It must be new and different.

How does retail fit into redevelopment?

How do you respond to consumer desires?

- Challenge – quick turn-around

Comments from panel –

- Respond to market
- Need assistance from other offices
  - Government?
  - Government stand?
  - Clear!??
- 10 Mile limit – Investor protection
- Find ways to bring investment back
- What is the vision for redevelopment?
  - Transportation corridor?
- Buyers are well informed
- Mixed feelings about government involvement

### **3. Conclusions/Recommendations**

- a. World Auto Industry not necessarily reflective of Motor Mile;
- b. Traffic is necessary – McDowell Road traffic has diminished;
- c. Economics plays a role in reduced traffic;
- d. Freeway Migration is the trend – we lack an exit to the 202/101;
- e. Remote possibility of dealer return; and
- f. Dealership buildings are single use, not easily transitioned, and will need to be torn down.

## **B. The McDowell Corridor: Advantages and Opportunities**

### **1. Panelists**

- a. Moderator/Panel Chair: Ed Gawf, G and G Consulting
- b. Steve Evans, Arizona State University Foundation
- c. Jeremiah Foster, Resolute Commercial
- d. Aaron Gruen, Gruen Gruen + Associates
- e. Paul Salemi, General Dynamics C4 Systems

### **2. Summary**

#### Why aren't more people building?

- Currently no financing (short term)
- Area is Betwixt/Between
  - Not an identified market
  - Good location – lacks identity
- Need a mix of uses
  - Resort hotel near Papago Park
  - Diversity of land uses approach
- Linkage
  - Integrate uses and build upon strengths
  - Reinforce/link with Sky Song
  - Technology to link to General Dynamics “knowledge employees”
- Incubation Opportunities
  - Symbiotic opportunities
  - Non class A incubator office space
  - Sky Song “Initial Spark” to feed relating industry/community

#### How do we make immediate changes?

- Look at regulations/policies
  - That better/set stage for reinvestment – will help when economy comes back
- Set up framework to:
  - Draw people to area
  - Is ready when economy comes back
- General Dynamics employees – come from North Scottsdale and South East Valley locations
- Need transportation linkages
  - Between Tempe and Downtown Scottsdale
  - Strong transportation network
  - So jobs are placed where transit is
- Better marketing/public relations of area

- McDowell – “life of it’s own” and protect neighborhoods
- McDowell – real opportunities
  - Emphasize what’s good on corridor
- Look at land use on McDowell

Given 100 acres of vacant land in Southern Scottsdale – What are the new land uses?

- Sky Song
  - Incubator to new businesses
  - Feed to General Dynamics

Why can’t we get decent retail in Southern Scottsdale?

- A lot of supply in the overall market area
- Kohl’s may be an opportunity
- Shifts in behaviors – saving more/spending less
- More spending on dining out
  - Opportunity for a restaurant row – especially as employment grows
- Increase residential
  - Potential for retail – long term with more residents/employees in area

Development regulations/zoning to help near term?

- PUD – planned unit development
- Overlay along McDowell Corridor (like in Downtown) to spawn ideas/vision for corridor
- Challenges:
  - Parcel depths
  - Fragmented ownership
- Consider high density at nodes

Bottom up or top down initiatives?

- Top down
  - Streetscapes
  - Identify uses and activities and create policy to match/encourage
  - Design/character to follow such

### **3. Conclusions/Recommendations**

- a. Examine policies/regulations and modify to encourage what is desired;
- b. Prepare now for the future



- i. Housing - affordable, apartments, condos to attract “knowledge workers”
  - ii. Light Industrial – light industrial / manufacturing to link with office and technology;
- c. Active Participation in regional efforts
  - i. Papago Park;
  - ii. Discovery Triangle;
  - iii. Transit;
- d. Active public relations and marketing program; and
- e. Strengthen neighborhoods and encourage community based retail and micro communities.

## C. What May Come ...

### 1. Panelists

- a. Moderator/Panel Chair: David Richert, City of Scottsdale
- b. Nan Ellin, Ph.D., Urban & Metropolitan Studies Program, ASU
- c. Bill Gosnell, Quantum Capital
- d. Larry Lazarus, Lazarus and Associates, P.C.
- e. James Meadows, Meadows & Affiliates

### 2. Summary

#### Big plans rarely get implemented

- Energy meridians
  - Where do these go?

#### How can we become a premier city?

- Build on our assets
  - Utilize canal – “canalscape”
    - Protect row
    - Identity, preserve past

#### Community and city need to answer these questions:

- What do you want?
- What do you not want?
- What tools are available

### Case Study #1 – Air Force Base in Denver

- Took dead property made it into lively commercial center in 10 years

### Case Study #2 – 24<sup>th</sup> and Camelback

#### Challenge

Private

Zoning

Fear of change

Environmental issues

- Groundwater

Transportation

#### Opportunities

Key intersection

Create sense of place

- Destination point
- Mixed-use
- Live, work, learn

### Vision

- Recreation
- Employment

### Create distinctive district with central theme

- Year 2010 will bring changes
  - Lifestyle
  - Visions

### South Scottsdale

1. Individual health: health/fitness village
  2. Educational health: medical
  3. Global health: research
- Narrowing streets
  - Walk-ability
  - Interconnectivity
  - Attracts housing
  - Economic stability

### Questions

Slowing traffic?

- Focus on alternate transportation
- Do lack of cars hurt business?
  - Key is to slow them down
    - Get them to want to stop
    - Provide multiple opportunities to park and ant to stay, walk around
- Light rail – thru Papago Park
- Individual property owners will not do things that will lose them money
  - What is do-able?
    - Light rail creates regional connectivity but can use shuttle
- Parking – asset
- Narrowing street not answer

### Residential Housing

- Trend: downsizing, “smart city”
  - Housing for single parents, elderly, first time buyers
  - Alternative housing: apartments, condominiums
- Density brings amenities
- Area surrounded by historic properties, canal
  - Good things to create vibrant community
- People here for a reason, like the environment
- Many current empty condominiums
  - Building yet no one coming
  - How do we make them live here?
    - Need to get/keep all types of housing
- Where did previous vision for this area go?
- Finish Sky Song – quickly and see what happens
  - Sky Song not looking like it will be a catalyst
- Do need public transportation but there are many options other than light rail
  - Concern about tax money
- What about auto dealerships?
  - We don’t have choice, dealers have rules
- Need to think about future development on SRPMIC land

### **3. Conclusions/Recommendations**

- a. Variety of housing with potential height;
- b. Linkage of public transit;
- c. Public / private partnerships;
- d. Branding – knowledge, sustainability, technology; and
- e. Develop Tool Box – owner’s coalition, node development at 64th Street / McDowell Road and Scottsdale / McDowell Roads.

## **III. Plenary Session--Where do we go from here?**

### **A. Panelists**

1. Moderator/Panel Chair: William Gray, Arizona School of Real Estate and Business
2. Don Henninger, Phoenix Business Journal
3. John Lund, Lund Cadillac, Hummer and Saab
4. Ed Gawf, G and G Consulting
5. Aaron Gruen, Gruen Gruen + Associates

6. David Richert, City of Scottsdale
7. Jim Meadows, Meadows & Affiliates

## **B. Summary**

### What Happened?

- 101/202 Freeways
- Development Moved North

### Positives:

- Close Proximity to regional amenities
  - Close but not close enough
  - Sky Harbor
  - ASU
  - General Dynamics
  - Sky Song
  - Geography 74,500 people in S. Scottsdale

### Challenges:

- Process Negativities
- Development Process
- Lack of identity for corridor
- Class A office identity is N. Scottsdale & SE Valley

### How do you organize 3 ½ miles of individual property owners?

- Develop Relationships
- Identify common interests
  - Piece Meal
  - Opportunities Missed
- Linkages/Build on existing strengths
- Series of sub areas to focus on “mini neighborhoods” that will be linked together

### Where does car fit on McDowell-Next Generation?

- Retail automotive may not be coming back

- Keep in mix but not an anchor

#### What role does revenue base help plan future of McDowell?

- 6 dealerships= Tax Revenue from Fashion Square
- Do what is good for community overall
- Long term fiscal health- identify what is unique- for regional draw vs. subsidized uses
- Create destination not a duplication
- Start w/ what do you need to live-then build on the Scottsdale Cache

#### What role does government have to give incentives?

- Land use policies influence beneficial investments
- Regulatory changes is role of government to allow people to make themselves better off
- Cost- benefits analysis
- Give incentive to pioneers and then taper off
- Incentives = different forms
  - Regulatory changes emphasize desired uses
  - Infrastructure improvements
  - Area's where private market place wont create what community wants
  - Identify areas where you don't incentive
  - Tax increment financing

#### What do you do w/established community & redevelopment efforts?

- Neighborhood Planning
- Relationships b/w commercial & residential neighborhoods esp. w/ those adjacent to one another

#### Would retail be different b/c of older demographic?

- Older neighborhoods an asset
- Empty nesters, younger population = more dining out- restaurant row
- More dense housing to support retail

- Demographics influence dealership location decisions
- Car industry bankruptcies could dramatically change McDowell rapidly
  - If go vacant all @ once could be an opportunity to redevelop area over long term
  - Dealerships unlikely to be converted to other uses

#### What is the experience we are trying to create in the future?

- Occurs over time
- Need to develop vision
  - Tie in- SHC, Sky Song, General Dynamics, car dealers
- Employment Center w/additional housing
- Maintain strong neighborhoods
  - Need strong schools
  - Younger Families
- Place to make most efficient use of time
  - Encourage work/live/service clusters for efficient use of time

#### How long will take?

- 10 yrs to infinity
- Building for next generation
  - Technology
  - Green Building
  - Anticipating future= value & needs of future

#### Who is our competition ?

- East along 101 SRPMIC- most immediate
- Tempe Town Lake
- DT Scottsdale
- Where opportunities may arise
- Competitive edge of area= centralized location

#### Build it and they will come?

- Need diversity/mix in housing not just condos

### S. Scottsdale Slum?

- NO!!!!
- Great potential
- Good community

### 10 yrs? What can we do? Band-Aid Approach?

- Technology & service to Associated w/ gen. dynamics before 10yrs
- Apartments will happen before 10 yrs.- Set up regulations to encourage

### Bring SCC to McDowell?

- Consortium of schools have worked- not necessarily. Moving a school from 1 location to another
  - Satellite location w/ specific niches

### 10yrs-more traffic/ less on McDowell?

- More grow at all times of day b/c it's a destination not just a pass through traffic

### **C. Conclusions/Recommendations**

1. Must begin the hard work now
2. Sky Song and General Dynamics are good things to build on
3. We need a Community Area Plan--Citizens to participate & continue to participate
4. Must believe in McDowell

### **IV. Closing Remarks (Mayor and Council)**